

HOUSE BILL 1373

N1

2lr0147

By: **Chair, Environmental Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Introduced and read first time: February 22, 2012

Assigned to: Rules and Executive Nominations

Re-referred to: Environmental Matters, February 27, 2012

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2012

CHAPTER _____

1 AN ACT concerning

2 **Real Property – Foreclosed Property Registry**

3 FOR the purpose of requiring the Department of Labor, Licensing, and Regulation to
4 establish and maintain a Foreclosed Property Registry for certain property;
5 requiring certain foreclosure purchasers to register certain residential property
6 and to pay certain fees under certain circumstances; authorizing the
7 Department to impose a certain civil penalty for a certain violation of this Act;
8 imposing certain limits on access to the Foreclosed Property Registry;
9 establishing that certain fees are nonrefundable; authorizing a local
10 government that takes certain actions related to a residential property on the
11 Registry to charge the cost associated with the action as part of the residential
12 property's property tax assessment; establishing the Foreclosed Property
13 Registry Fund; providing for the purpose and composition of the Fund;
14 requiring the State Treasurer to invest money in the Fund; providing that
15 earnings from the Fund shall be credited to the Fund; exempting the Fund from
16 a certain provision of law requiring interest on State money in special funds to
17 accrue to the General Fund of the State; repealing a certain provision of law
18 authorizing a county or municipal corporation to enact a certain local law
19 relating to notice of a foreclosure on residential property; establishing that only
20 the State may enact a certain law; requiring the Department to report certain
21 information to the General Assembly on or before a certain date; and generally
22 relating to the Foreclosed Property Registry.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing

2 Article – Real Property

3 Section 14–126(c)

4 Annotated Code of Maryland

5 (2010 Replacement Volume and 2011 Supplement)

6 BY adding to

7 Article – Real Property

8 Section 14–126.1

9 Annotated Code of Maryland

10 (2010 Replacement Volume and 2011 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article – State Finance and Procurement

13 Section 6–226(a)(2)(ii)62. and 63.

14 Annotated Code of Maryland

15 (2009 Replacement Volume and 2011 Supplement)

16 BY adding to

17 Article – State Finance and Procurement

18 Section 6–226(a)(2)(ii)64.

19 Annotated Code of Maryland

20 (2009 Replacement Volume and 2011 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article – Real Property**

24 14–126.

25 [(c) (1) In this subsection, “residential property” has the meaning stated in
26 § 7–105.1 of this article.

27 (2) A county or municipal corporation may enact a local law requiring
28 that notice be given to a county or municipal agency or official when an order to docket
29 or a complaint to foreclose a mortgage or deed of trust is filed on residential property
30 located within the county or municipal corporation.

31 (3) A local law enacted under this subsection shall require that within
32 five days after filing an order to docket or a complaint to foreclose a mortgage or deed
33 of trust on residential property, the person authorized to make the sale shall give
34 notice of the filing to the county or municipal agency or official designated by the local
35 law.

36 (4) The notice required under paragraph (3) of this subsection shall
37 include:

1 (i) The street address of the residential property subject to the
2 foreclosure action;

3 (ii) The names and addresses, if known, of all owners of the
4 residential property subject to the foreclosure action; and

5 (iii) The name, address, and telephone number of the person
6 authorized to make the sale.]

7 **14-126.1.**

8 (A) (1) **IN THIS SECTION, THE FOLLOWING WORDS HAVE THE**
9 **MEANINGS INDICATED.**

10 (2) **“DEPARTMENT” MEANS THE DEPARTMENT OF LABOR,**
11 **LICENSING, AND REGULATION.**

12 (3) **“FORECLOSED PROPERTY REGISTRY” MEANS THE**
13 **FORECLOSED PROPERTY REGISTRY ESTABLISHED BY THE DEPARTMENT**
14 **UNDER SUBSECTION (B) OF THIS SECTION.**

15 (4) **“FORECLOSURE PURCHASER” MEANS THE PERSON**
16 **IDENTIFIED AS THE PURCHASER ON THE REPORT OF SALE REQUIRED BY**
17 **MARYLAND RULE 14-305 FOR A FORECLOSURE SALE OF RESIDENTIAL**
18 **PROPERTY.**

19 (5) **“FUND” MEANS THE FORECLOSED PROPERTY REGISTRY**
20 **FUND ESTABLISHED BY THE DEPARTMENT UNDER SUBSECTION ~~(H)~~ (I) OF THIS**
21 **SECTION.**

22 (6) **“LOCAL JURISDICTION” MEANS:**

23 (I) **A COUNTY; OR**

24 (II) **A MUNICIPAL CORPORATION.**

25 (7) **“RESIDENTIAL PROPERTY” MEANS REAL PROPERTY**
26 **IMPROVED BY FOUR OR FEWER DWELLING UNITS THAT ARE DESIGNED**
27 **PRINCIPALLY AND ARE INTENDED FOR HUMAN HABITATION.**

28 (B) **THE DEPARTMENT SHALL ESTABLISH AND MAINTAIN AN**
29 **INTERNET-BASED FORECLOSED PROPERTY REGISTRY FOR INFORMATION**
30 **RELATING TO FORECLOSURE SALES OF RESIDENTIAL PROPERTY.**

1 **(C) AT THE TIME OF THE FORECLOSURE SALE OF RESIDENTIAL**
2 **PROPERTY, THE PERSON RESPONSIBLE FOR CONDUCTING THE FORECLOSURE**
3 **SHALL OBTAIN FROM THE FORECLOSURE PURCHASER A WRITTEN**
4 **ACKNOWLEDGMENT OF THE REQUIREMENTS OF THIS SECTION.**

5 **(D) (1) WITHIN 30 DAYS AFTER A FORECLOSURE SALE OF**
6 **RESIDENTIAL PROPERTY, A FORECLOSURE PURCHASER SHALL SUBMIT AN**
7 **INITIAL REGISTRATION TO THE FORECLOSED PROPERTY REGISTRY.**

8 **(2) THE INITIAL REGISTRATION SHALL:**

9 **(I) BE IN THE FORM THE DEPARTMENT REQUIRES; AND**

10 **(II) CONTAIN THE FOLLOWING INFORMATION:**

11 **1. THE NAME, TELEPHONE NUMBER, AND ADDRESS**
12 **OF THE FORECLOSURE PURCHASER;**

13 **2. THE STREET ADDRESS OF THE PROPERTY THAT IS**
14 **THE SUBJECT OF THE FORECLOSURE SALE;**

15 **3. THE DATE OF FORECLOSURE SALE;**

16 ~~**4. THE SALE PRICE OF THE PROPERTY;**~~

17 ~~**5. 4. WHETHER THE PROPERTY IS A SINGLE-FAMILY**~~
18 **OR MULTIFAMILY PROPERTY;**

19 ~~**6. 5. THE NAME AND ADDRESS OF THE PERSON,**~~
20 **INCLUDING A SUBSTITUTE PURCHASER, WHO CAN ACCEPT LEGAL SERVICE FOR**
21 **THE FORECLOSURE PURCHASER;**

22 ~~**7. 6. TO THE BEST OF THE FORECLOSURE**~~
23 **PURCHASER'S KNOWLEDGE AT THE TIME OF REGISTRATION:**

24 **A. WHETHER THE RESIDENTIAL PROPERTY IS**
25 **VACANT; AND**

26 **B. THE NAME, TELEPHONE NUMBER, AND STREET**
27 **ADDRESS OF THE PERSON WHO IS RESPONSIBLE FOR THE MAINTENANCE OF**
28 **THE PROPERTY; AND**

29 **8. WHETHER THE FORECLOSURE PURCHASER HAS**
30 **POSSESSION OF THE PROPERTY.**

1 **(3) WITHIN 30 DAYS AFTER THE DEED HAS BEEN RECORDED FOR**
 2 **A FORECLOSURE SALE OF RESIDENTIAL PROPERTY ~~OR TITLE HAS~~**
 3 **~~TRANSFERRED IN ACCORDANCE WITH A DEED IN LIEU OF FORECLOSURE,~~ THE**
 4 **FORECLOSURE PURCHASER SHALL SUBMIT A FINAL REGISTRATION TO THE**
 5 **FORECLOSED PROPERTY REGISTRY.**

6 **(4) THE FINAL REGISTRATION SHALL:**

7 **(I) BE IN THE FORM THE DEPARTMENT REQUIRES; AND**

8 **(II) CONTAIN THE FOLLOWING INFORMATION AS OF THE**
 9 **DATE OF FINAL REGISTRATION:**

10 **1. THE NAME, TELEPHONE NUMBER, AND ADDRESS**
 11 **OF THE OWNER ON THE DEED;**

12 **2. THE DATE OF THE RATIFICATION OF THE SALE;**
 13 **AND**

14 **3. THE DATE THE DEED WAS RECORDED.**

15 **(E) (1) THE FILING FEES FOR REGISTERING A RESIDENTIAL**
 16 **PROPERTY ARE:**

17 **(I) \$50 FOR AN INITIAL REGISTRATION FILED WITHIN THE**
 18 **TIME PERIOD REQUIRED UNDER SUBSECTION (D)(1) OF THIS SECTION; AND**

19 **(II) \$100 FOR AN INITIAL REGISTRATION FILED AFTER THE**
 20 **TIME PERIOD REQUIRED UNDER SUBSECTION (D)(1) OF THIS SECTION.**

21 **(2) THERE IS NO FEE FOR A FINAL REGISTRATION.**

22 **(3) A FILING FEE PAID UNDER PARAGRAPH (1) OF THIS**
 23 **SUBSECTION IS NONREFUNDABLE.**

24 ~~**(3) (4) A LOCAL JURISDICTION THE DEPARTMENT MAY ENACT**~~
 25 ~~**A LOCAL LAW THAT IMPOSES A FINE FOR VIOLATING THIS SECTION IMPOSE A**~~
 26 ~~**CIVIL PENALTY FOR FAILURE TO REGISTER UNDER THIS SECTION IN AN**~~
 27 ~~**AMOUNT NOT EXCEEDING \$1,000.**~~

28 **(F) A LOCAL GOVERNMENT THAT, IN ACCORDANCE WITH ANY**
 29 **APPLICABLE BUILDING CODE OR LOCAL ORDINANCE, ABATES A NUISANCE ON A**
 30 **RESIDENTIAL PROPERTY REGISTERED UNDER THIS SECTION OR TAKES ACTION**

1 TO MAINTAIN A RESIDENTIAL PROPERTY REGISTERED UNDER THIS SECTION
 2 MAY CHARGE THE COST ASSOCIATED WITH THE ABATEMENT OR OTHER ACTION
 3 AS PART OF THE RESIDENTIAL PROPERTY'S PROPERTY TAX ASSESSMENT.

4 ~~(F)~~ (G) (1) THE FORECLOSED PROPERTY REGISTRY:

5 (I) IS NOT A PUBLIC RECORD AS DEFINED BY § 10-611 OF
 6 THE STATE GOVERNMENT ARTICLE; AND

7 (II) IS NOT SUBJECT TO TITLE 10, SUBTITLE 6 OF THE
 8 STATE GOVERNMENT ARTICLE.

9 (2) THE DEPARTMENT MAY AUTHORIZE ACCESS TO THE
 10 FORECLOSED PROPERTY REGISTRY ONLY TO LOCAL JURISDICTIONS, THEIR
 11 AGENCIES, AND REPRESENTATIVES AND STATE AGENCIES.

12 (3) NOTWITHSTANDING PARAGRAPHS (1) AND (2) OF THIS
 13 SUBSECTION, THE DEPARTMENT OR A LOCAL JURISDICTION MAY PROVIDE
 14 ~~LIMITED CONTACT~~ INFORMATION FOR A SPECIFIC PROPERTY IN THE
 15 FORECLOSED PROPERTY REGISTRY TO:

16 (I) A PERSON WHO OWNS PROPERTY ON THE SAME BLOCK;
 17 OR

18 (II) A HOMEOWNERS ASSOCIATION OR CONDOMINIUM IN
 19 WHICH THE PROPERTY IS LOCATED.

20 ~~(G)~~ (H) REVENUE COLLECTED FROM THE FILING FEES REQUIRED
 21 UNDER SUBSECTION (E)(1) OF THIS SECTION SHALL BE DISTRIBUTED TO THE
 22 FUND.

23 ~~(H)~~ (I) (1) THERE IS A FORECLOSED PROPERTY REGISTRY FUND
 24 IN THE DEPARTMENT.

25 (2) THE PURPOSE OF THE FUND IS TO SUPPORT THE
 26 DEVELOPMENT, ADMINISTRATION, AND MAINTENANCE OF THE FORECLOSED
 27 PROPERTY REGISTRY ESTABLISHED UNDER THIS SECTION.

28 (3) THE DEPARTMENT SHALL ADMINISTER THE FUND.

29 (4) (I) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS
 30 NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT
 31 ARTICLE.

1 **(II) THE STATE TREASURER SHALL HOLD THE FUND**
2 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

3 **(5) THE FUND CONSISTS OF:**

4 **(I) REVENUE DISTRIBUTED TO THE FUND UNDER**
5 **SUBSECTION ~~(G)~~ (H) OF THIS SECTION;**

6 **(II) INVESTMENT EARNINGS OF THE FUND;**

7 **(III) MONEY APPROPRIATED IN THE STATE BUDGET TO THE**
8 **FUND; AND**

9 **(IV) ANY OTHER MONEY FROM ANY OTHER SOURCE**
10 **ACCEPTED FOR THE BENEFIT OF THE FUND.**

11 **(6) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF**
12 **THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

13 **(II) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
14 **PAID INTO THE FUND.**

15 **(J) ONLY THE STATE MAY ENACT A LAW REQUIRING A NOTICE TO BE**
16 **FILED WITH A UNIT OF GOVERNMENT RELATING TO RESIDENTIAL PROPERTIES**
17 **THAT ARE SUBJECT TO FORECLOSURE.**

18 **Article – State Finance and Procurement**

19 6–226.

20 (a) (2) (ii) The provisions of subparagraph (i) of this paragraph do not
21 apply to the following funds:

22 62. Veterans Trust Fund; [and]

23 63. Transportation Trust Fund; AND

24 64. **FORECLOSED PROPERTY REGISTRY FUND.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
26 2012, the Department of Labor, Licensing, and Regulation shall report to the General
27 Assembly, in accordance with § 2–1246 of the State Government Article, on the status
28 of the Foreclosed Property Registry and the Foreclosed Property Registry Fund
29 established under this Act, including the number of properties registered, the cost of
30 maintaining the Foreclosed Property Registry, the Fund balance, whether the

1 registration fees need to be altered to reflect the costs of maintaining the Foreclosed
2 Property Registry, and the Department's assessment of the effectiveness of the
3 Registry.

4 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
5 effect October 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.